

# IMPLEMENTING FAITH IN ACCOUNTING: *Application in a Student Auditing Project Through Service to the University*

---

**Margie Ness LaShaw**  
Whitworth University  
[mlashaw@whitworth.edu](mailto:mlashaw@whitworth.edu)

**Tara Lambert**  
Whitworth University  
[tlambert@whitworth.edu](mailto:tlambert@whitworth.edu)

**David Sloan**  
Whitworth University  
[dsloan@whitworth.edu](mailto:dsloan@whitworth.edu)

---

**ABSTRACT:** This paper looks at intentional implementation of faith integration to an existing audit project used in a senior level auditing course. After describing methods of the project, results of the study suggest implementation of intentional faith integration made a significant impact on student confidence and learning of audit practices.

---

## INTRODUCTION

How does including the Biblical passage of Philippians 4:8-9 in an audit project affect student application of audit concepts in real world situations? One reason for including faith into the course is to expose students to ethical decision making. With corporate scandals and increased accounting requirements, an important component of an accounting education is the teaching of ethics. In 1986, the American Accounting Association Committee on the Future Structure, Content, and Scope of Accounting Education indicated that at least an

introduction of ethics was one of the purposes of an accounting education. It was reemphasized by the Pathways Commission that the teaching of ethics should be integral to the education process rather than an add-on or after-thought, making it an important element of the accounting curriculum (American Accounting Association, 2012). Momani & Obeidat (2013) found that auditors with more integrity and objectivity have increased ability to detect creative accounting practices. Despite the need for more integrity and objectivity in the auditing profession, many institutions and accounting educators are reticent to include ethics in the accounting education process

(Bean & Bernardi, 2007). One of the challenges of teaching ethics may be in the need to teach from an ethical framework. Gawthrop and Uhlemann (1992) suggested that formal ethical education is needed to develop ethical decision-making skills. As noted by Bazerman and Tenbrunsel (2011), analyzing ethical dilemmas in a safe environment with reduced pressures increases the likelihood of acting ethically in real-life situations. Their study also found that labeling unethical acts for what they are increased intervention of negative acts.

As educators, then, it is important to provide students with a safe environment that allows ethical behavior to both be acted on and discussed. Sauerwein (2013) pointed out that Christian accounting professors are uniquely positioned to provide meaningful integration techniques to help future accountants develop the necessary integrity and objectivity, stating, "The objective is nothing short of transformation, and by focusing on holistic integration and exposing students to moral exemplars and the power of scripture in making wise decisions, the academy of Christian professors can make progress towards this goal" (p. 79).

While it is important to help students at Christian colleges and universities develop an ethical foundation, one-of the additional benefits of focusing on holistic integration is the positive effect that spirituality and religiosity have on students' learning and confidence (Schreiner & Kim, 2011; Astin, Astin & Lindholm, 2011). While some of these studies have focused solely on spirituality, Benefiel, Fry, & Geigle (2014) noted that the body of literature encompasses religion as well, with some of the early roots in the Protestant work ethic focusing on work as a calling. It is noted that secular studies focusing on religion are broader than Christianity. Broader studies show that when spirituality is carried into the workplace there is an increase in job performance, satisfaction, and confidence (Garcia-Zamor, 2003; Jurkiewicz & Giacalone, 2004; Kolodinsky, Giacalone & Jurkiewicz, 2008; Karakas, 2010). In addition, according to Miller and Ewest (2013), there is research that shows most students, workers, marketplace professionals and leaders want to live integrated lives, allowing them bring their faith with them to work, however, they lack the resources.

As Sauerwein (2013) pointed out, Christian accounting professors are uniquely positioned to help students make faith connections and develop the

religiosity that can then be carried into the workplace. The literature indicates this benefit can go beyond ethics as it can also increase learning and confidence. Therefore, faculty at a small Christian liberal arts university in the Pacific Northwest included Philippians 4:8-9 to an existing audit project. The purpose of the audit project was to help students assimilate scripture in the auditing process. This paper aims to explore the benefits of including Scriptural references in an audit project as it pertains to students' learning and confidence. This paper first explores the project utilized and then addresses a measurement of student learning and confidence in carrying out that project. Results of a survey instrument and pre and post-test quiz are discussed.

## LITERATURE REVIEW

As our students prepare to enter the workforce, one of our goals is that they learn to carry their faith with them, whether they work for secular or faith-based organizations. With workers seeking positions that create a more meaningful work environment, organizations are now realizing that spirituality at work has a high level of importance. Benefiel et. al (2014) reviewed current literature in the area of spirituality and religion in the workplace. They noted that we are currently in the "Faith at Work" movement (p. 176). Miller & Ewest (2013) reviewed literature in the definition of spirituality and religion. While the studies indicate no clear definitions have been established, most suggest the definitions along with the Faith at Work movement are interconnected. Benefiel et. al (2014) noted within this movement there is research that shows individuals, including students, want to live integrated lives, but have few resources to help them achieve that goal. The authors indicated that integration of faith and work has positive implications both on the personal level, as well as corporate ethics and profits.

While not specific to religion, Kolodinsky et. al (2008), found personal spirituality was positively related to worker confidence and job satisfaction. Karakas (2010) reviewed studies that indicated spirituality also improved employee performance. The importance to organizations should also be recognized. Both Garcia-Zamor (2003) and Jurkiewicz & Giacalone (2004) reviewed studies that indicated organizations that foster and encourage individual spirituality in the workplace outperformed other similar organizations where individual spirituality was missing. One explanation for

this was noted by Garcia-Zamor (2003), “when spiritual people join a workforce that fits their expectations, they will support their colleagues. They will seek quality. They will do good work” (p. 360). Ethical behavior flows spontaneously when full integration of spirituality matures (Butts, 1999). While spirituality is generally considered broader than religious faith, Childs (1995), found in a survey to members of the Council for Ethics in Economics that virtually all of the members responded that faith was “very important” to the question, “How do you view the role of your personal religious belief and heritage as you make business decisions?” (pp. 5-6).

It seems imperative that accounting programs of business schools at Christian colleges and universities make an intentional integration of faith into our curriculums, not only for ethical reasons, but also to build students’ learning and confidence that they will carry into the workforce. According to a study by Schreiner & Kim (2011) comparing graduates of Council for Christian Colleges & Universities (CCCU) to other private colleges and universities, inclusion of religious and spiritual engagement increased student confidence and learning. One of the important elements of faith integration is to help students see how the Christian faith can be foundational to the decision making process within the accounting profession. White (1999) asserted that honoring God must be the “ultimate goal” of the accounting profession (p. 6). The author also reasoned that the typically unchallenged assumption that accounting is exclusively a technical activity has led to a rare integration of faith into the accounting classroom. Since that time, some literature has emerged on how to integrate faith into the accounting classroom, but as this is a relatively new field of research and pedagogy; much still needs to be accomplished.

Lindsay and Smith (2010) emphasized the importance that faith played in Sherron Watkins’ decision to become a whistleblower in the Enron scandal. She attributed her faith to giving her the strength and ability to report what she knew to be wrong and relied on specific Bible verses to give her strength. Sauerwein (2013) reminded us that a foundation of faith is critically important to the accounting profession, as accounting education currently lacks proper ethical training. The author views Christian colleges and universities as uniquely positioned to make that difference. Current literature shows much on the methods of faith integration in

other types of business classrooms (Roller, 2013). While this is useful, there remains a gap in the literature exploring faith integration into the accounting classroom.

Of the emerging literature on faith integration in the accounting classroom, some focus on general inclusion of faith while some focus primarily on faith integration in specific courses. For principles of accounting or financial accounting courses, Bower (2001) wrote of devotions that had been utilized. These devotions were used to draw both connections and differences between the accounting principle being taught and the Biblical principle being emphasized. With this method, the students began to understand how faith can inform the interpretation of accounting principles. Lemler (2011) also proposed a series of faith integration exercises that could be utilized in accounting, economics, or finance classes. According to the author, no specific course was targeted as they focused on the general topics of profit, accumulating wealth, and adding value. The exercises Lemler (2011) used linked scriptures to common business situations.

According to the literature, faith integration is being explored in the contexts of upper division accounting courses, yet there is a lack of research examining outcomes of faith integration. For example, upper division and graduate tax faculty have reported the integration of faith through service learning projects in voluntary income tax assistance programs (e.g., Fowler, Neill, & Stovall, 2006; Gabriel, 2010). MacDonald & Steeves (2013) integrated faith by examining a not-for-profit accounting case study and analyzing the controlled environments within upper division courses. Additionally, Goldsmith (2004) wrote about his integration of Christian thought in the teaching of accounting ethics directed toward MBA courses.

In addition to general upper-division courses, scholars are beginning to explore methods of faith integration specifically within the context of auditing courses. For example, Poucher (2013) used service learning to document internal controls as a part of a Christian university’s internal audit procedures. The author’s students also volunteered to evaluate controls over cash receipts at local churches. After the audit process was completed, Poucher (2013) utilized reflective essays specifically asking students to relate the internal control experience to the Christian concept of stewardship.

Pedagogically, Biblical integration is a growing concept. At the turn of the century, Chewning (2001) wrote of a dozen styles of Biblical integration. Later, Roller (2013) presented a more developed set of twenty-one methods of Biblical integration. Of those methods, one includes a service-learning project with spiritual reflection. While these all serve as models to integrate faith into accounting and accounting ethics, more research is required to meet the needs of the profession.

## RESEARCH HYPOTHESES AND MODELS

The purpose of this paper is to expound on the Biblical integration tactic of service learning with faith reflection. To implement this method, the focus of the auditing project was to have students respond to the service learning through the lens of scripture, specifically Philippians 4:8-9. As discussed previously, studies indicate spirituality increases the effectiveness

of the employees (Garcia-Zamor, 2003; Jurkiewicz & Giacalone, 2004; Kolodinsky et. al, 2008; Karakas, 2010). An additional study also showed an increase in student confidence with the inclusion of religiosity (Astin et. al, 2011; Schreiner & Kim, 2011). Therefore, we expect that the integration of faith in the audit project would enhance student confidence and learning of audit practices. This leads us to the following hypotheses:

H1: The implementation of faith is positively related to student confidence in auditing practices.

H2: The implementation of faith is positively related to student learning in auditing practices.

Figures 1 and 2 display the research models, showing the relationship between the independent and dependent variables.

**Figure 1**

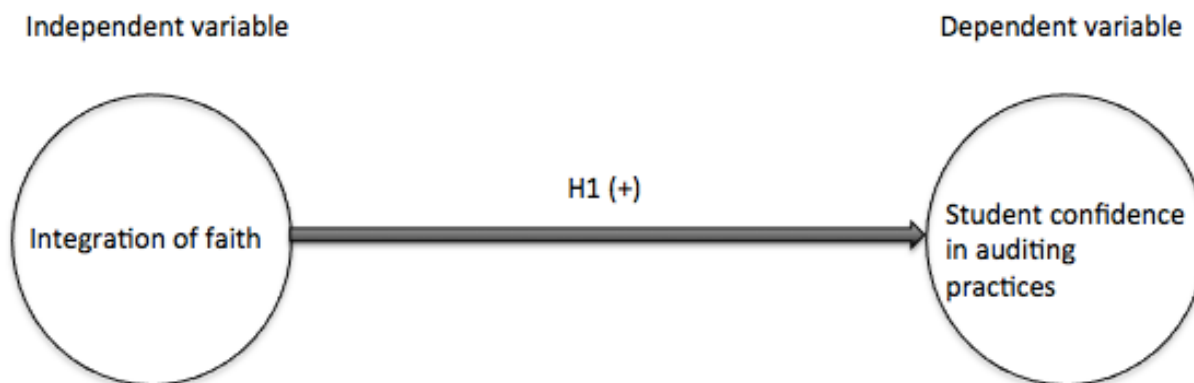
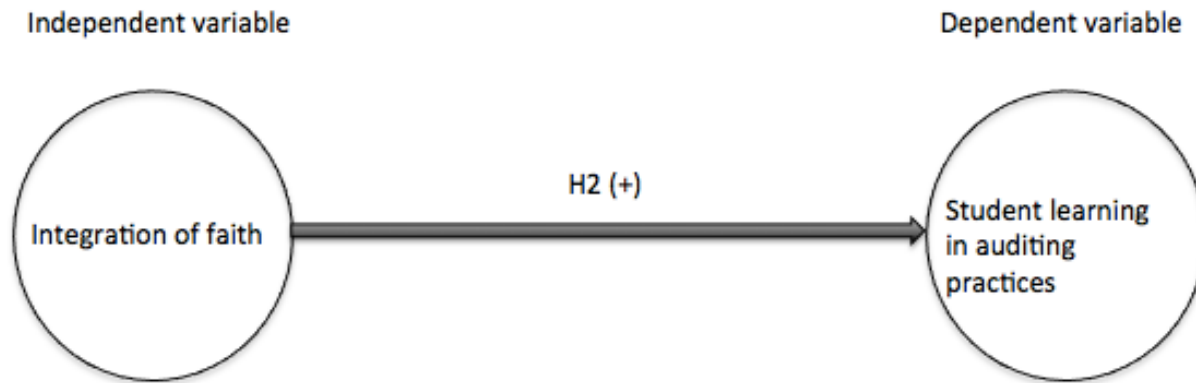


Figure 2



### THE AUDIT PROJECT AND PHILIPPIANS 4:8-9

The university's auditing course includes an experiential learning project where students complete internal audit projects selected by the Vice President of Finance and Administration. Students also complete an assessment of auditing knowledge at the beginning and end of the experiential learning project (see Appendix B). These projects include auditing petty cash funds, testing compliance of cash receipts and budget review procedures, and taking inventories of fully depreciated assets and postal and custodial inventory items. The students act as internal auditors while completing the projects; taking full responsibility for communicating with university personnel to set appointment times and complete the audit tasks. They are also responsible for asking pertinent questions and documenting responses in order to make audit conclusions. Upon completion of the audit project, students present their audit findings and process improvement suggestions to the Vice President of Finance and Administration, the Associate Vice President of Finance and Administration, and senior accounting personnel in a formal presentation. The students also prepare a formal written report that the administrators use as a reference guide when making formal changes to departmental procedures or accounting records.

Prior to the spring semester of 2014, the auditing class was taught without the intentional implementation of faith. The 2012 spring semester is defined as our control group. In the spring semester of 2014, the professors made no modifications to course

content or delivery from previous semesters, but they intentionally integrated faith into the experiential learning assignment which occurs at the end of the semester. Modifications were made to the experiential learning assignment to help the students have a greater understanding of faith through spiritual reflection in a service learning project (Appendix A). To accomplish the faith integration, during the introduction of the project to the class professors presented the following scripture passage:

Finally, brothers and sisters, whatever is true, whatever is noble, whatever is right, whatever is pure, whatever is lovely, whatever is admirable – if anything is excellent or praiseworthy – think about such things. Whatever you have learned or received or heard from me – put it into practice. And the God of peace will be with you. (Philippians 4:8-9, New International Version)

Initially, the students were asked to read and reflect upon the verse so that they would begin to think about how faith can be integrated into the field of auditing. Next, the professors led a classroom discussion focusing on how faith should be incorporated into the lenses of an internal auditor while they perform the audit function. Finally, the class of 22 students was divided into eight groups. Each group was assigned one or two petty cash funds to audit and several fixed assets to verify, or departmental inventory items to count. Three students who had prior experience working in internships in public accounting were asked to act as student supervisors on each of the three projects.

Upon completion of audit fieldwork, students raised issues about their own internal audit experience to their peers in collaborative classroom discussion. Professors challenged students to incorporate Philippians 4:8-9 in these discussions. For example, how does Paul's notion of "whatever is true, whatever is right, whatever is noble" relate to keeping custody over petty cash or assets? Paul's words define truth in action, and when a person steals cash or assets, they are not acting in a "true" or "right" way. A conclusion can be made that the heightened awareness of the Bible verse applied together with knowledge of auditing principles leads to practical auditing solutions. This became apparent when the student auditors recommended a tightening of internal controls over petty cash, such as a lock box or safe, in order to increase the likelihood of "right" actions. The student auditors also recommended an improved inventory tracking system to ensure correct inventory valuation in the financial statements. In these collaborative discussions students discussed each audit issue, determined the seriousness of the situation, and then determined if the issue should be raised to administration level.

The classroom discussion allowed students time to reflect on their actions as auditors and the importance of faith in guiding those actions. To illustrate, we provide one anecdote of learning during a student audit of fully depreciated fixed assets. During this experience one student reported that the campus contact had sent him an email stating that the assets the student was to observe did exist and was still being used by the university. The student commented that it would have been easy to not perform the asset observation and simply report the assets' existence. The class would never know that the student auditor did not actually observe the fixed assets. By having the student reflect on Philippians throughout the project, the student gained a greater understanding of the importance of actually seeing the fixed assets in question and as an auditor doing "whatever is right." This is an important revelation for the students to understand before entering their careers as auditors.

In the final class of the semester, after presentation of the project to university administration, the students completed the post quiz measuring student learning as compared to the pre quiz (Appendix B) and a survey assessing student confidence in auditing practices (Appendix C). The results of the post quiz and survey suggest an increased level of student learning and

confidence in auditing practices compared to the previous year when faith integration was not intentionally included.

## AUDITING PROJECT DATA ANALYSIS

### *Sample*

The sample within this study consisted of 41 (59% male, 41% female) accounting students (93% seniors, 7% juniors) attending a small Christian university in the Pacific Northwest.<sup>1</sup> The sample is drawn from two auditing classes, taught during two separate academic years, year one being the control group and year two being the experimental group.

### *Instruments*

The Philippians Project Survey instrument consists of 9 items, descriptive in nature, designed for measuring student level of confidence in approaching future real-world accounting issues. The sample was controlled for gender, class standing, and whether the student had plans to take the CPA exam in the future. The final control was included to see if results would be skewed by a significant number of non-accounting majors taking the course. The instrument uses a five-point Likert-type scale ranging from "1" to "5", whereas "1" represents, "strongly disagree" and "5" represents, "strongly agree" (See Appendix C). This study also included a pre and post-course quiz as a measure of students' understanding of the audit process (See Appendix B).

### *Results*

Table 1 shows the summary of the statistical analyses of pre and post-test survey results. Two-sample t-tests showed significant differences at the level of .05 between years one and two for items 1, 2, 3, 6, and 9, with higher means in the experimental group. The mean scores in the experimental group were higher for items 4, 5, and 7, yet the differences were not shown to be significant. In short, students in the experimental group indicated that the Philippians Project increased their confidence in their ability to face real-world issues in the field of accounting. Based on these findings, our first hypothesis, that the implementation of faith is positively related to student confidence in auditing practices, was partially supported.

**Table 1 Summary of the Statistical Analyses of the Post-Project Survey for Years 1 and 2**

Question	Year	Descriptive Statistics			t-test	
		N	Mean	SD	t-value	Sig (2-tailed)
1	Year 1	19	4.474	.513	1.685	.024
	Year 2	22	4.772	.429		
2	Year 1	19	4.368	.597	1.685	.001
	Year 2	22	4.864	.351		
3	Year 1	19	4.818	.697	1.685	.027
	Year 2	22	4.159	.395		
4	Year 1	19	4.526	.513	1.685	.070
	Year 2	22	4.773	.528		
5	Year 1	19	4.316	.885	1.685	.122
	Year 2	22	4.591	.590		
6	Year 1	19	4.368	.684	1.685	.035
	Year 2	22	4.727	.550		
7	Year 1	19	4.737	.452	1.685	.271
	Year 2	22	4.818	.395		
8	Year 1	19	4.368	1.116	1.685	.495
	Year 2	22	4.364	1.136		
9	Year 1	19	4.211	.787	1.685	.009
	Year 2	22	4.727	.550		

Table 2 shows the means for quiz measures by condition and trial. The control group showed higher

mean scores for the pre-test and lower mean scores for the post-test compared to the experimental group.

**Table 2 Means for Quiz Measures by Condition and Trial**

Year	Quiz	N	Mean	SD
1-Control	Pre-test	19	4.316	1.250
	Post-test	19	4.632	1.640
2-Experimental	Pre-test	22	3.727	1.804
	Post-test	22	4.818	1.622

Using two-sample t-tests, no significant difference was shown between the pre-test of the control and

experimental group. Similarly, the control group showed no significant improvement between the pre-

test and post-test. However, as shown in Table 3, the experimental group experienced a significant improvement between the pre-test and post-test. These findings, consistent with the literature, support our second hypothesis that the implementation of faith is

positively related to student learning in auditing practices. In other words, integrating faith through the Philippians Project made a significant impact on the learning experience of the experimental group.

**Table 3 Summary of the Statistical Analyses of the Experimental Pre and Post-test Quiz Results**

Quiz	Descriptive Statistics			t-test	
	N	Mean	SD	t-value	Sig (2-tailed)
Pre-test	22	3.727	1.804	2.018	.041
Post-test	22	4.818	1.622		

### **Limitations**

This study has a number of potential limitations. First, the post-project survey instrument has yet to be validated. Until further research can report the validity of the instrument, there are complications in our claim that student confidence increased in the experiment group. Another limitation is that the study relies on self-reported data. Although anonymity is guaranteed to participants, Cook and Campbell (1979) asserted that participants may respond to questions in a way that they believe matches the researcher's expectations or in a way that depicts them as more competent. A third limitation lies in the fact that we had to rely on a convenience sample which makes it difficult to generalize the findings to other populations (Bryman & Bell, 2011). Nevertheless, one aspect of this study that should not be overlooked is its experimental design, which is its key strongpoint.

### **CONCLUSION**

Based on the results of our study, our hypotheses that the integration of faith into a student audit project increases student confidence and learning of audit practices are supported. In this study we empirically explored the implementation of faith in a service learning project. This research is important for accounting courses in faith based institutions as it models and tests an effective method of faith integration. While much of the emphasis on faith integration is to emphasize faith based ethics, this study indicates that faith integration is also important for learning and confidence. With the importance of faith integration to students, it is also important for further research to explore the effectiveness of those

approaches. Roller (2013) suggested twenty-one methods of faith integration. This paper only explored one of those methods – service learning with faith integration. Many opportunities for future research involve testing the twenty other methods. Additionally, our study could be tested in other business courses such as management, economics, or marketing. This study is meaningful because it provides support for the importance of faith based institutions to integrate faith into the classroom. Students at this institution are blending real world audit principles with their personal faith principles, giving them valuable training for future accounting careers.

### **ENDNOTE**

<sup>1</sup>The student body tends to be consistent and is approximately 78 percent Caucasian. The student body consistently has an average SAT approximately 15% above the national average.

### **REFERENCES**

- American Accounting Association (2012). The Pathways Commission: Charting a national strategy for the next generation of accountants. New York: AICPA.
- American Accounting Association (AAA), Committee on the Future Structure, Content, and Scope of Accounting Education (The Bedford Committee) (1986, Spring). Future accounting education: Preparing for the expanding profession. *Issues in Accounting Education*, 1, 168-195.



- Astin, A.W., Astin, H. S. & Lindholm, J. A. (2011). *Cultivating the spirit: How college can enhance students' inner lives*. San Francisco, CA: Jossey-Bass.
- Bazerman, M. H. & Tenbrunsel, A. E. (2011). *Blind spots: Why we fail to do what's right and what to do about it*. Princeton, NJ: Princeton University Press.
- Bean, D. F., & Bernardi, R. A. (2007). A proposed structure for an accounting ethics course. *Journal of Business Ethics Education*, 4, 27-54.
- Benefiel, M., Fry, L. W., & Geigle, D. (2014). Spirituality and religion in the workplace: History, theory, and research. *Psychology of Religion and Spirituality*, 6 (3), 175-187.
- Bower, J. E. (2001). Summary of devotions in accounting. Paper presented at the Christian Business Faculty Association, Olivet Nazarene, Bourbonnais, IL. Retrieved May 30, 2014, from [http://www.cbfa.org/html/past\\_conferences.html](http://www.cbfa.org/html/past_conferences.html).
- Bryman, A. & Bell, E. (2011). *Business research methods* (3rd ed.). Oxford, UK: Oxford University Press.
- Butts, D. (1999). Spirituality at work: An overview. *Journal of Organizational Change Management*, 12(4), 328-331.
- Chewning, R. C. (2001). A dozen styles of biblical integration: Assimilating the mind of Christ. *Journal of Biblical Integration in Business*, 114-151.
- Childs, J. M., Jr. (1995). *Ethics in business: Faith at work*. Minneapolis, MN: Fortress Press.
- Cook, T. D., & Campbell, D. T. (1979). *Quasi-experimentation: Design and analysis issues*. Boston, MA: Houghton Mifflin Company.
- Fowler, W. E., Neill, J. D. & Stovall, O. S. (2006). Service learning and faith integration in accounting. *Christian Business Academy Review*, 11-17.
- Gabriel, L. T. (2010). Equipping accounting students for the marketplace: Tax service-learning at Bethel University. Paper presented at the Christian Business Faculty Association, Southeastern University, Lakeland, FL. Retrieved May 30, 2014, from [http://www.cbfa.org/html/past\\_conferences.html](http://www.cbfa.org/html/past_conferences.html).
- Garcia-Zamor, J-C. (2003). Workplace spirituality and organizational performance. *Public Administration Review*, 63 (3), 355-363.
- Gawthrop, J. C. & Uhlemann, M. R. (1992). Effects of the problem-solving approach to ethics training. *Professional psychology: Research and practice*, 23 (1), 38-42.
- Goldsmith, G. P. (2004). Teaching ethics in accounting in a postmodern America. Paper presented at the Christian Business Faculty Association, Abilene Christian University, San Antonio, TX. Retrieved May 30, 2014, from [http://www.cbfa.org/html/past\\_conferences.html](http://www.cbfa.org/html/past_conferences.html).
- Jurkiewicz, C. L. & Giacalone, R. A. (2004). A values framework for measuring the impact of workplace spirituality on organizational performance. *Journal of Business Ethics*, 49 (2), 129-142.
- Karakas, F. (2010). Spirituality and performance in organizations: A literature review. *Journal of Business Ethics*, 94, 89-106.

- Kolodinsky, R. W., Giacalone, R. A., & Jurkiewicz, C. L. (2008). Workplace values and outcomes: Exploring personal, organizational, and interactive workplace spirituality. *Journal of Business Ethics*, 81, 465-480.
- Lemler, B. (2011). Biblical perspectives on prices and profits, a series of faith integration exercises for accounting, economics and finance classes. Paper presented at the Christian Business Faculty Association, Mount Vernon Nazarene University, Mount Vernon, OH. Retrieved May 30, 2014, from [http://www.cbfa.org/html/past\\_conferences.html](http://www.cbfa.org/html/past_conferences.html).
- Lindsay, D. M. & Smith, B. C. (2010). Accounting by faith: The negotiated logic of elite evangelicals' workplace decision-making. *Journal of the American Academy of Religion*, 78 (3), 721-749.
- MacDonald, R.A. & Steeves, H. (2013). Simcoe Christian Academy: Governance and control at a not-for-profit organization. *Journal of Biblical Integration in Business*, 16(2), 61-71.
- Miller, D. W. & Ewest, T. (2013). The present state of workplace spirituality: A literature review considering context, theory, and measurement/assessment. *Journal of Religious & Theological Information*, 12, 29-51.
- Momani, M. A. A. & Obeidat, M. I. (2013). The effect of auditors' ethics on their detection of creative accounting practices: A field study. *International Journal of Business and Management*, 8(13), 118-136.
- Poucher, D. (2013). Kingdom service via service learning for the church: An auditing example. *Christian Business Academy Review*, 8(1), 23-30.
- Roller, R. H. (2013). A dozen styles of biblical integration: Assimilating the mind of Christ. *Journal of Biblical Integration in Business*, 16(2), 29-40.
- Sauerwein, J. A. (2013). The role of Christian faculty in restoring accounting professionalism. *Christian Business Academy Review*, 8(1), 73-80.
- Schreiner, L. A. & Kim, Y. K. (2011). Outcomes of a Christian college education: A comparison of CCCU students' gains to the national aggregate. *Christian Higher Education*, 10, 324-352.
- White, L. S. (1999). A Christian perspective on accounting: Making the invisible visible. *The Journal of Biblical Integration in Business*, 5-23.

## APPENDIX A: INTERNAL AUDITING ASSIGNMENT

BU 466W Principles of Auditing  
Auditing Project – Initial Overview

University Internal Audit Procedures: **Petty Cash, Conduct Inventory Review of Paper Supplies and Maintenance supplies and Conduct a Fixed Asset Review**

Spring 2014

Note: This project will be conducted under the guidance of both your instructor and an additional accounting faculty member.

We will be conducting an audit of petty cash funds across campus and reviewing budgeting procedures. We will also have some groups conducting inventory counts on physical plant supplies, both paper and maintenance. Finally, we will be observing fixed assets that are currently listed on the university's asset list that are fully depreciated and originally cost more than \$5,000.

Please note this is an entire class project and we will be functioning as an “audit team.” Therefore, if one person fails to carry out their responsibilities and a portion of the audit project is not done, the entire class does not meet the objectives of the project and it will be reflected in grades for the project.

Before diving into the project, there are a couple of items we want you to consider, the first is what does collaboration and teamwork mean and the second is how does Christian faith play a role in accounting. We will be devoting class time on Monday, April 21 to explore how both of these can impact the audit project we will be conducting on campus.

### ***Collaboration/ Teamwork***

It is hoped that this will serve as a transition type project to the workplace, where audits are seen to be conducted by auditing firms, rather than individual auditors. Therefore, a spirit of teamwork and collaboration is essential. Consider the following thoughts on teamwork directly quoted from <http://www.know-accounting.com/bookkeeper-articles/practice-teamwork-skills-196.html>

#### **Practice Teamwork Skills**

*It's amazing how much you can accomplish when it doesn't matter who gets the credit. – Anonymous Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results. – Andrew Carnegie A group becomes a team when each member is sure enough of himself and his contribution to praise the skills of the others. – Norman Shidle Michael, if you can't pass, you can't play. – Coach Dean Smith to Michael Jordan his freshman year at UNC*

More and more employers are looking for candidates that have solid soft skills. Today's professional environment often requires employees to work together on a team, engaging in a collaborative effort that contributes to greater productivity and success. Regardless of your current position or job requirements, honing up on your teamwork skills will increase your appeal and make your employment a

more pleasant and rewarding experience. Here are seven things you can do that will accomplish that:

#### **1. Practice active listening**

We offer this first tip for a reason. Many struggle with teamwork because they falsely believe their ideas are the best which often makes listening to others difficult. However, in order for a team to be effective, a team player listens to what other team members have to share, measuring their ideas as objectively as possible.

#### **2. Communicate effectively**

Successful teams have members that communicate effectively. While this includes listening, it also requires you to share your ideas in a clear and succinct manner. You must also respond to emails promptly and ensure that you follow-up on important correspondence.

#### **3. Freely give praise**

Another team member's success doesn't diminish your contribution. Your ability to recognize and acknowledge a team member's success is important; it builds team morale and generates good feelings among teammates.

#### **4. Take responsibility**

Never point the finger of blame when something goes wrong. On the other hand, you should always take responsibility when you've made a mistake. Trying to justify your actions or unfairly shift the responsibility to a team member never makes you look good. Your coworkers will appreciate your willingness to own your actions. It will also enable the team to focus their attention on resolving any resulting problems.

#### **5. Cooperate**

Offer your help when you recognize that a team member is struggling or could use assistance. The purpose of a team is to combine your skills and expertise to accomplish a common purpose. This requires a hearty dose of cooperation.

#### **6. Exhibit flexibility**

A team must coordinate a large number of schedules, opinions, and ideas. In order for the team to be successful everyone must be flexible to a certain extent. Be open-minded and look for ways you can contribute by altering your schedule or changing your perspective.

## 7. Openly share ideas

You may have a killer idea that you think would save the day, or maybe the project. Hoarding your ideas will only hurt the team in the end. It won't make you look any better either.

As an accountant, you have access to important financial information that can greatly contribute to a business's success. However, in order for that information to be put to good use, you must practice teamwork skills. Applying the above tips will enable you to develop those soft skills that have become crucial in the workplace. It will also contribute to your employer's success, which in turn makes you a more valuable employee.

If this article has proven helpful, consider signing up for our other free newsletters: *Accounting and Bookkeeping Tips* and *Tax Tips*. Every week you'll receive valuable instruction regarding industry-specific issues as well as techniques that will help you start and grow your own accounting and tax practice.

November 5th, 2008 in *Self Improvement, Workplace Tips*

### *The Role of Christian Faith*

In addition, as you venture out in the workplace, it is one of our deepest desires that you carry the Christian faith with you as you go into the business world. Consider that according to Lindsay and Smith (2010, p. 721-722),

SHERRON WATKINS, the former Enron executive, says that as she considered in 2001 whether she should reveal the accounting fraud that she had uncovered, faith became a mobilizing force for her actions. "My life had changed markedly in terms of opening up the box that was Christianity," said Watkins, and as her religious commitment deepened, Watkins became less concerned about whether she would lose her job and decided to go public with her findings. By her own accounting, faith emboldened her to raise concerns, first in a private memo to Ken Lay and later through the

national media and in Congressional testimony. In recounting the steps she took as corporate misdeeds came to her attention, Watkins talked about reading specific Bible passages that, in her opinion, compelled her to raise concerns and not worry about the consequences: "Matthew 6 [suggests] that if you were really worried about things, then you didn't have faith that God was going to be watching out, looking out [for you]. All things work to the good of those that love the Lord. So, in many ways, my being able to go to Ken Lay was the fact that I wasn't worried that I was going to lose my job." And she credits that confidence to her deepening religious commitment.

As you approach this project, we would like you to read and contemplate Philippians 4: 8-9 (New International Version):

<sup>8</sup> Finally, brothers and sisters, whatever is true, whatever is noble, whatever is right, whatever is pure, whatever is lovely, whatever is admirable—if anything is excellent or praiseworthy—think about such things. <sup>9</sup> Whatever you have learned or received or heard from me, or seen in me—put it into practice. And the God of peace will be with you.

There are many commentaries on these verses and how they can be explained further. Please read *Christianity for Dummies* (3): Philippians 4:8-9 by Katie N. and Josh S. at <http://joshuap Steele.com/2011/12/08/christianity-for-dummies-3-philippians-48-9/> or any other commentary on these verses. Be ready to apply Philippians 4:8-9 to an ethical case on Monday in class. The tentative timeline for the project will be as follows (Please note attendance is required at all class and working sessions and the final presentation – missing anyone of these dates may result in up to 25% reduction of your score per class period missed.

21-Apr	Mon	Class session- overview of project / <b>Pretest</b> / Petty cash instructions
23-Apr	Wed	No class - time for petty cash audits
25-Apr	Fri	No class - time for petty cash audits
28-Apr	Mon	Class session- come with results of petty cash audits / Fixed Asset and Inventory instructions
30-Apr	Wed	No class - time available for fixed asset audits
2-May	Fri	No class - time available for fixed asset audits
5-May	Mon	Class session- come with results of petty cash audits / Fixed Asset and Inventory
7-May	Wed	working session for presentation
9-May	Fri	working session for presentation
12-May	Mon	working session for presentation
16-May	Fri	Final Presentation/ <b>Post test</b>

You will all been placed on a teams of two or three for much of the field work, but remember, this is a class project and we will be functioning as an internal audit team.

#### Petty Cash Review:

You will receive a copy of an email notifying your department that you would be contacting them. We will cover questions and procedures for you to carry out – please read the enclosed procedures prior to Monday, April 21. Coordinate with your teammate(s) and arrange for an appointment any time after Monday, April 21 and ideally before Monday, April 28, 2014 for the petty cash portion and prior to Thursday May 5 for the fixed asset and inventory portions. On Monday, April 28 we will be meeting in class to go over the petty cash portion of the audit. We will again meet on May 5 to review the fixed asset and inventory portions of the audit. In additional we will be meeting all class session from May 7 – May 12 to get the work into final form!

#### **Petty Cash**

In general, the project would include the following components:

1. Determine that cash recorded in the books exists and is owned by the university (Existence)

#### *Internal Control questions over petty cash*

1. Determine who has access to the petty cash and where it is stored
2. How often is petty cash replenished?
3. What are the check handling procedures; how often are checks taken to the business office? Are they hand delivered or sent via inner-office mail

#### **Supplies Inventory**

In general, the project would include the following components:

1. Determine that inventory quantities properly include products, materials, and supplies on hand, and in transit (Existence, Completeness, and Valuation and Allocation)
2. Determine that inventory items are priced consistently in accordance with United States GAAP (Valuation or Allocation)
3. Determine that inventory listings are accurately compiled, extended, footed, and summarized and determine that the totals are properly reflected in the accounts (Existence, Completeness and Valuation or Allocation)

#### **Fixed Asset Review**

In general, the project would include the following components:

1. Determine that the fully depreciated fixed assets exist and are still contributing to the university (Existence or Occurrence, Rights and Obligations)
  - a. If the answer is in the positive, the assets will remain on our books (Valuation or Allocation)
  - b. If the answer is in the negative, the students will propose the GL adjustments needed and the note disclosure needed for our financial statements (Valuation or Allocation; Presentation and Disclosure)
  - c. The student will also propose a strategy for the management of the fixed assets in future years, this may require research into how other organizations capitalize/group/ depreciate/discard fixed assets

The overall project will be submitted as one document to the university administration along with a formal presentation to university administration. Teams will be formed to determine the existence (or non-existence) of the asset. Each team will also be responsible to write a preliminary note for financial statement disclosure and a proposed written strategy for future fixed asset disposal. Any discovered control issues should be highlighted.

Points for the project will be distributed as follows:

### Fieldwork – (40 points total)

- Organization of work papers (20 points)
  - Easy to read and trace
  - Clearly shows where assets in use are located
  - Clearly shows method of disposal – including any noted lack of procedures
  - Clearly shows support work for proposed journal entry
- Completion of fieldwork (20 points)
  - Work paper evidences that the audit work was completed
- Contact with administration and staff is completed in a professional manner

### Required write-ups (40 points)

- Note disclosures (15 points)
  - Clearly states what is being written off and why
  - Must evidence outside research
- Strategy for future process (20 points)
  - Clearly states doable process for the future
  - Must evidence outside research
- Summary of project (5 points)
  - Teams will write a descriptive summary of the process they went through the steps of the project, including dates and names of who they worked with

### Final project in presentable form (25 points)

- The final project will summarize process and be put in a form for presentation to the university administration

### Pre/Post quiz (10 points)

**NOTE:** Work completed by students is to be considered confidential. Any revealing of confidential information to other than authorized parties will result in a zero (0) for the project and may result in an F for the entire course.

## APPENDIX B: PRE/POST QUIZ

BU 466W Principles of Auditing

- This quiz is for a research project by faculty and staff at Whitworth University.
- This quiz will not be graded or have any impact on your grade on the audit project.
- Anonymous quiz -- please **do not** write your name on this form. Participation is voluntary.

PERSONAL IDENTIFYING NUMBER

\_\_\_\_\_

DATE

\_\_\_\_\_

(Please use any combination of 3 letters and 3 numbers to create your own ID – this should not be identifiable to you and held confidential, but you will need to use the same number for a post project quiz and survey.)

**MULTIPLE CHOICE Choose the one alternative that best completes the statement or answers the question.**

1. Under which of the following circumstances would an auditor be most likely to intensify an examination of a \$500 imprest petty cash fund?
  - A) Reimbursement occurs twice each week.
  - B) The custodian endorses reimbursement checks.
  - C) The custodian occasionally uses the cash fund to cash employee checks.
  - D) Reimbursement vouchers are not prenumbered.
2. While petty cash is often immaterial in amount, the auditor verifies the account primarily because it is easy to do so.
  - A) True
  - B) False
3. Because cash is the most desirable asset for people to steal, it has a higher:
  - A) inherent risk.
  - B) control risk.
  - C) liquidity risk.
  - D) detection risk.
4. The most important balance-related audit objectives in the audit of cash include all but which of the following?
  - A) Occurrence
  - B) Completeness
  - C) Existence
  - D) Accuracy
5. The emphasis in verifying petty cash is normally on which of the following?
  - A) Controls over petty cash
  - B) Balance sheet classifications
  - C) Year-end balance
  - D) Transactions for the period
6. The primary accounting record for equipment and other fixed assets is the:
  - A) asset inventory.
  - B) depreciation ledger.
  - C) fixed asset master file.
  - D) equipment roster
7. You are the in-charge auditor for a long-term client. Which of the following is not a category of tests commonly associated with the audit of fixed assets?
  - A) Analytical procedures.
  - B) Verification of current-period disposals.
  - C) Verification of depreciation expense.
  - D) Verification of the beginning balance in accumulated depreciation.
8. Because the failure to record disposals of property, plant, and equipment can significantly affect the financial statements, the search for unrecorded disposals is essential. Which of the following is not a procedure used to verify disposals?
  - A) Review whether newly acquired assets replace existing assets.
  - B) Review plant modifications and changes in product line, taxes, or insurance coverage.
  - C) Make inquiries of management and production personnel about the possibility of the disposal of assets.
  - D) Test the valuation of fixed assets recorded in prior periods.
9. The auditor needs to gain reasonable assurance that the equipment accounts in the fixed asset master file are not understated. Which of the following accounts would most likely be reviewed in making that determination?
  - A) Depreciation expense
  - B) Repairs and maintenance expense
  - C) Gains/losses on sales and retirements
  - D) Cash

10. If the client fails to record disposals of property, plant, and equipment, both the original cost of the asset account and the net book value will be incorrect. What will the effect be of this misstatement on the original cost and the book value?

- A) The original cost will be overstated indefinitely, and the net book value will be understated until the asset is fully depreciated.
- B) Both will be overstated indefinitely.
- C) The original cost will be overstated indefinitely, and the net book value will be understated indefinitely.
- D) The original cost will be overstated indefinitely, and the net book value will be overstated until the asset is fully depreciated.

### APPENDIX C: POST-AUDIT PROJECT SURVEY

PERSONAL IDENTIFYING NUMBER \_\_\_\_\_ DATE \_\_\_\_\_

- This survey is for a research project by faculty and staff at Whitworth University.
- This survey will not be graded or have any impact on your grade on the audit project.
- Anonymous survey -- please **do not** write your name on this form. Participation is voluntary.

*For the following questions, please circle your response.*

**Your gender:**      Female      Male

**Year in college:**   Freshman    Sophomore    Junior    Senior

**1. I was exposed to “real world” auditing applications.**

Strongly disagree    Agree    Strongly  
1      2      3      4      5

**2. I gained valuable “real world” auditing experience.**

Strongly disagree    Agree    Strongly  
1      2      3      4      5

**3. I gained valuable experience verifying that written policies and procedures related to the *Internal Cash Handling Procedures* were being followed.**

Strongly disagree    Agree    Strongly  
1      2      3      4      5

**4. I gained valuable experience testing internal controls over petty cash functions.**

Strongly disagree    Agree    Strongly  
1      2      3      4      5

**5. I gained valuable experience determining the existence of selected assets.**

Strongly disagree    Agree    Strongly  
1      2      3      4      5

**6. I gained valuable experience recommending improvements in procedures dealing with the disposal of fixed assets.**

Strongly disagree    Agree    Strongly  
1      2      3      4      5



7. I think this audit project was a valuable portion of the Accounting Major.

Strongly disagree	Agree	Strongly		
1	2	3	4	5

8. I plan on taking the CPA exam in the next few years.

Strongly disagree	Agree	Strongly		
1	2	3	4	5

9. I put a great deal of effort towards this audit project.

Strongly disagree	Agree	Strongly		
1	2	3	4	5

*In the space below, please provide us any additional comments on the internal auditing project.*

*Thank you for completing this survey.*